



**HOUSING AND COMMUNITY DEVELOPMENT
CORPORATION OF HAWAII**

LINDA LINGLE
GOVERNOR

NEWS RELEASE

Stephanie Aveiro, Executive Director
Phone: (808) 587-0680

For Immediate Release: June 22, 2005

**State Mortgage Loan Program Rate Falls to Lowest Level in 26 Years,
New 4.45 Percent Rate will benefit 150 Hawaii Families**

HONOLULU – More than 150 low- and moderate income families will have an opportunity to become first-time homeowners after the state's Housing and Community Development Corporation of Hawaii (HCDCH) successfully sold \$75.2 million in revenue bonds to finance the agency's Hula Mae program.

Hula Mae is an innovative mortgage loan program created by the Hawaii State Legislature in 1979 for families of low- and moderate-income. Through the sale of tax-exempt revenue bonds, the Hula Mae program provides eligible homebuyers with mortgage loans at interest rates below those available on conventional loans. The recent bond sale, which also refunded prior bond issues, will result in a 4.45 percent Hula Mae mortgage rate - the lowest mortgage rate since the inception of the Hula Mae Program in 1979.

"The low mortgage rate will provide the funding that many first-time homebuyers so desperately need, especially in the current housing market," said Stephanie Aveiro, executive director of HCDCH.

The interest rate on the new Hula Mae mortgage loans will be fixed at 4.45 percent for 30 years. A total of two points (2.00 percent) are charged on a Hula Mae loan. The seller pays one point (1.00 percent) of the principal amount of the mortgage loan and the buyer pays one point (1.00 percent). These are one time charges.

The new loans are expected to be available beginning June 23, 2005 from seven participating lenders – American Savings Bank, Bank of Hawaii, Countrywide Home Loans, Inc., First Hawaiian Bank, Hawaii HomeLoans, Inc., HomeStreet Bank, and Wells Fargo Home Mortgage of Hawaii, LLC. Persons interested in obtaining a Hula Mae loan should contact the participating lenders.

To be eligible for a Hula Mae loan, applicants must meet certain eligibility requirements which include, but are not limited to, not having an ownership interest in a principal residence for the past 3 years, and having income that does not exceed the following:

(more)

<u>County</u>	<u>Families of 3 or more</u>	<u>Families of Less than 3</u>
Honolulu	\$94,920	\$81,360
Maui	\$95,060	\$81,480
Kauai	\$90,440	\$77,520
Hawaii	\$79,800	\$68,400

The Income Limits may be revised by the Corporation from time to time pursuant to U.S. Department of Housing and Urban Development Guidelines.

Sales price limits also apply, as follows:

<u>County</u>	<u>Newly Constructed or Existing Residences</u>
Honolulu	\$555,802
Maui	\$500,565
Kauai	\$540,000
Hawaii	\$360,000

The above limits apply only to fee simple, fully completed residences; leasehold properties and uncompleted residences require further adjustment.

HCDCH manages Hula Mae and works closely with private lending institutions. Prior to this sale the HCDCH has issued approximately \$1.7 billion in bonds, enabling 9,860 low- and moderate- income families to enter the housing market.

The bonds will continue to be rated AAA by Standard & Poor's Rating Services, Moody's Investors Service, and Fitch Ratings. (The HCDCH received the AAA rating in June 2000.) This is the highest rating possible which is primarily due to the program's asset strength, cash flow performance, and strong management oversight.

The HCDCH has structured the bond issue to incorporate Fannie Mae's Mortgage-Backed Securities Program. Also incorporated in the bond issue are Federal Housing Administration (FHA) insurance and USDA-Rural Housing Service guarantee programs which will enable more borrowers to qualify to purchase a home under the Hula Mae Program.

For more information visit the HCDCH Web site at www.hcdch.hawaii.gov.

###

For more information, contact:
Georgina López
Housing Information Specialist, HCDCH
Phone: (808) 587-0556

Derick Dahilig
Public Information Officer
Department of Human Services
Phone: (808) 586-4882